NORTH CAROLINA

HOUSING
FINANCE
AGENCY

Background

The federal Housing Tax Credit produces the vast majority of new affordable apartments:

- enacted 23 years ago
- 50,000 units in North Carolina
- universally regarded as successful

Financial institutions invest equity for tax benefits

A property's largest source of funding

Last year at least ½ of the equity investor market disappeared

Stimulus Funding

Congress appropriated $2.25 billion to help respond to the equity shortage

Federal agency responsible is the Department of Housing and Urban Development (HUD)

Now named the Tax Credit Assistance Program (TCAP)

North Carolina's share is $52,152,687

Funds are limited to certain Housing Tax Credit properties, no new production

TCAP in North Carolina

Recovery Act designates "State housing credit agencies" as recipients of TCAP

A responsibility of the Tax Reform Allocation Committee under NCGS § 143-433.8(1):

- members are Secretary of Commerce, Treasurer, and Budget Officer
- NC Housing Finance Agency acts as staff

Agency has been in contact with Committee members, General Assembly, and OERI

Process for Requesting

HUD guidance issued May 4th requires state agencies to request TCAP:

- deadline to submit is June 3rd
- must include selection criteria

Agency posted draft criteria on May 13th:

- invited public comment
- held a meeting with potential participants
- making changes based on input
- will be finalized soon

Draft Criteria

Eligible properties are those in current regular Housing Credit application cycle

Takes advantage of an existing process

Plan is to replace hard-to-find equity:

- estimate 10 to 12 properties
- allows development to begin quickly

None of the funds will be used for the Agency's administrative costs

Requirements

Owners will comply with federal requirements:

- environmental review and prevailing wages
- expending funds by Dec. 31, 2010
- reporting on jobs and other information

Properties also will follow state policies

The Agency will monitor properties and conduct asset management